**What is Managerial Accounting?**

Managerial accounting is the process of identifying, measuring, analyzing, interpreting, and communicating information for the pursuit of an organization's goals, This is also known as "cost accounting."

The key difference between managerial and financial accounting is that managerial accounting information is aimed at helping managers within the organization make decisions. In contrast, financial accounting is aimed at providing information to parties outside the organization.

**Management Accounting:**

* provides information to managers/insiders to help them with their decision making;
* is a support function--intent is to aid management not drive management;
* Involves the following steps
  + planning (outline steps to move toward objectives);
  + organizing (utilize human and other resources to carry out established plans);
  + directing (oversee daily operations to assure things are running smoothly);
  + controlling (assure each part of the organization is carrying out what it was intended to do - compare reports to original plans and take appropriate corrective action); and
  + decision making (make rational choices among alternatives);
* strategic planning: planning to achieve a company's long-term objectives (all companies should set and work toward objectives);
* analysis of the benefit of the decision and comparison of it to the cost of the alternatives (e.g., is the profit greater than the cost?).

**How does accounting information help the manager?**

* to plan effectively: budgets (desires and goals of management in quantifiable terms) and performance reports (compare budgeted information to actual information for a specific period of time)
* to direct operations: examine cost/price relationships to develop marketing/advertising strategies, determine appropriate sales and inventory levels, examine the costs of storage and handling, etc.
* to solve problems: determination of an appropriate relationship between cost and price for forecasting, etc.

**What is the role of a controller or the Managerial Accountant?**

* manager in charge of the accounting department
* "controls" by reporting and interpreting data needed for decision making
* may oversee the work of others and the preparation of reports • often provides advice for top management
* provides assistance in the preparation of budgets  
  support function.

**Assume the Role of A Managerial Accountant**

Most of the time a managerial accountant works through the decision making process. They identify what needs to be decided, gathers data, and then makes a decision. For this quick activity you are going to assume the role of a Managerial Accountant and work through the process. Here is the situation:

You are on the SLC and you have been tasked with planning the High School Home Coming Dance. You are unsure if you will book a DJ or a band for this, but have to make a decision. Work through the Decision Making Process to decide.

1. Identify the issue:

2. Identify Alternatives:

1. Accumulate information for alternatives:

4. Make the decision

FINANCIAL

SIMILARITIES

MANAGERIAL

**SIMILARITIES AND DIFFERENCES BETWEEN FINANCIAL AND MANAGERIAL ACCOUNTING**

Use the following Diagram to list the similarities and differences between Financial and Managerial Accounting

FINANCIAL